

April 22, 2002

TO: Gene Hugoson, Chair
EQB (Tel: 651-297-3219)

FROM: William Cole Storm
EQB Staff, (Tel: 651-296-9535)

RE: EQB Staff Recommendation on Scope of Environmental Assessment
Site Permit Application
Great River Energy
Saint Bonifacius Station, Carver County, Minnesota
EQB Docket #02-34-PPS-GRE

BACKGROUND

On March 1, 2002, Great River Energy (GRE) submitted to the Minnesota Environmental Quality Board (MEQB) a site permit application regarding an upgrade of GRE's Saint Bonifacius peaking station. GRE requested that the MEQB process this application in accordance with the Alternative Review process of the Power Plant Siting Act (Minnesota Statute Section 116C.575). On March 8, 2002 the Chair of the MEQB accepted the application as complete and notified the applicant in writing of his decision.

The upgrade would expand the maximum generating output from 49 megawatts (MW) to a maximum of approximately 74 MW. GRE is proposing to install an inlet air-cooling system and to make two changes to the unit load control settings.

A power plant that operates at or above a capacity of 50 MW meets the definition of a large electric power generating plant (LEPGP) and is subject to the requirements of the Power Plant Siting Act (Minn. Stat. Section 116C.51-69). The proposed modifications will result in the station's capacity exceeding 50 MW. Therefore, the modifications that GRE is proposing are subject to the requirements of the Power Plant Siting Act.

Since the proposed modifications will not increase the plant's capacity to more than 80 MW, the applicant has the option of requesting the Alternative Review process (Minn. Stat. § 116C.575).

Minnesota Stat. § 216B.243, subd 2 states that no LEPGP shall be sited or constructed without the issuance of a certificate of need (CON) by the Public Utility Commission (PUC). However, Minn. Stat. § 216B.243, subd 8 exempts certain facilities from the CON requirement. One of these exemptions (Minn. Stat. § 216B.243, subd 8(5)) is for

modifications of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than one hundred megawatts, whichever is greater.

Since the proposed upgrade meets the conditions as stated in Minn. Stat. § 216B.243, subd 8(5), the project is exempt from the CON process.

ENVIRONMENTAL ASSESSMENT SCOPING PROCESS

The MEQB staff prepares an Environmental Assessment (EA) on each proposed LEPGP and High Voltage Transmission Line (HVTL) being reviewed under the alternative permitting process.

The process for determining the scope of an EA is described in Minnesota Rules part 4400.2700, Subpart 2 (Interim Guidance). Scoping is an interactive process between interested parties, government agencies and the applicant to determine the important issues and alternatives (if applicable) that should be examined in the EA. The process affords interested persons an opportunity to participate in the development of the scope of the EA through a public meeting. The public meeting serves as an opportunity to provide information to the public about the proposed project, to answer questions, and to allow the public an opportunity to participate in developing the scope of the EA.

Upon completion of the public meeting and following an appropriate comment period, the MEQB Chair makes a determination on the scope of the EA. Written notice of the Chair's decision is then sent to the interested parties.

On April 8, 2002 a public meeting was held by the MEQB staff at the Watertown Township hall to discuss the project with interested persons and to solicit input into the scope of the EA. Eight people, in addition to representatives of GRE attended the public meeting. The public also had an opportunity to ask questions during informal discussions with project personnel. The comment period was held open until 5:00 pm April 15, 2002.

During the public meeting, several issues were discussed. Listed below is a brief summary of each of the issues:

- **Natural Gas:** There was a discussion as to whether the station could be converted into a natural gas fuel facility. This alternative would require construction of a natural gas pipeline and associated infrastructure (i.e., compressor station, et al) and significant modifications of the combustion turbines.
- **Co-Generation:** There was a discussion as to the possibility of utilizing the exhaust heat to increase the overall efficiency of the station. Currently, there is no user available for the typical co-generation byproduct (i.e., steam) and the addition of a boiler and steam turbine on-site to generate additional electricity would significantly increase the size of the current facility.

- **Drainage:** Members of the audience expressed concern that construction of the station may have disrupted drainage in the area via damage to the tile system. The GRE representatives agreed to review their records to determine what, if any, considerations were given to the drainage tile system when the station was originally designed and constructed.
- **Truck Traffic:** Members of the audience expressed unease about the delivery of fuel oil via trucks, the corresponding back-up of trucks along the highway and associated safety concerns. The GRE representatives stated that with the recertification of the fuel pipeline, the station would be receiving the majority of its fuel oil supply via the pipeline. This will greatly reduce the required truck traffic associated with the station.
- **Air Quality:** Members of the audience expressed concern about the odor and visibility of the station's effluent plume. A discussion, then followed, on the contents of the station's Title V Air Emissions Source Operating permit issued from the Minnesota Pollution Control Agency (MPCA). Additionally, the GRE representatives stated that they are currently negotiating the terms of a new air emissions permit with the MPCA and will provide the MEQB staff with that information.
- **Noise:** Members of the audience expressed concern about the current and future level of noise generated from the station. The GRE representative s stated that a noise study was conducted in 2000 and the station was meeting the current Minnesota noise standard. The GRE representative s agreed to provide a copy of the noise study to the EQB staff.
- **Adjacent Land Use:** Members of the audience expressed concern about the potential impact of the station on adjacent land use, specifically, retail produce marketing and related seasonal activities.
- **Screening Trees:** Members of the audience stated that the original station design included the placement of a tree row around the station's perimeter to lessen the visual impact and possibly a reduction in perceived noise. They also stated that these trees were never planted. The GRE representatives stated that they would review the company files and determine if the original design addressed this issue.

Written comments were submitted by adjacent property owners (Chuck and Ursula Dimler and Drew and Kathy Dimler) on April 15, 2002. The written comments reiterated those comments made during the public meeting, with the addition of concerns over light pollution.

The applicant was given an opportunity to respond to the various issues that were raised.

ALTERNATIVE SITES

Minnesota Stat. § 116C.575, subd 3 states that the applicant whose project qualifies for and has elected to proceed under the Alternative Review process shall not be required to propose a second (i.e., alternative) site for the project. The Applicant (i.e., GRE) did not submit any alternative sites for review.

No alternative sites were proposed during the public meeting, nor did MEQB staff identify any alternative sites during the scoping process.

OTHER MATTERS

Minnesota Rules part 4400.2700, subp. 4 states that the EA shall also include a discussion of other matters identified in the scoping process.

No other matters were raised during the public meeting nor did MEQB staff identify any other matters to be incorporated into the EA during the scoping process.

POTENTIAL SIGNIFICANT IMPACTS

Minnesota Stat. § 216C.575, subd 5 states that the EA shall contain information on the human and environmental impacts of the proposed project and other sites identified by the Board and shall address mitigating measures for all of the sites considered.

In evaluating the potential impacts of the proposed project the factors outlined in Minnesota Rules part 4400.3100 were taken into consideration.

The following areas of concern were determined to have potentially significant impacts to warrant inclusion in the EA:

1. Air Quality Impacts
2. Noise
3. Visual Impacts
4. Site Drainage

During the scoping process, many potential areas of concern were considered and determined not to warrant further consideration. Listed below are those areas:

1. Water Quality
2. Land Use
3. Soil Resources
4. Geologic Resources
5. Vegetation Resources
6. Wetlands Resources

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7. Threatened, Endangered, or other Special Concern Species
8. Socioeconomic Impacts
9. Historical Resources
10. Transportation

SCHEDULE

The MEQB staffs anticipates completion of the EA by June 1, 2002.

STAFF RECOMMENDATION

In accordance with Minn. Rules 4400.2700, subpart 2, the Chair shall determine which possible sites to include and what human and environmental impacts to assess in the EA as soon after holding the public meeting as possible.

The MEQB staff has conducted the public meeting, accepted and reviewed comments submitted from interested parties and has identified the potential significant impacts associated with this project.

ACTION REQUESTED

The MEQB staff recommends that the Chair approve and sign the attached proposed Scoping Decision. The MEQB staff shall mail notice of the scoping decision to interested parties within three days of the Chair's decision.